
Financial Statements of

**KINA GBEZHGOMI CHILD &
FAMILY SERVICES**

Year ended March 31, 2017



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the Kina Gbezhgomi Child and Family Services

We have audited the accompanying financial statements of Kina Gbezhgomi Child & Family Services, which comprise the statement of financial position as at March 31, 2017, the statements of operations, changes in net assets (deficiency) and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements present fairly, in all material respects the financial position of Kina Gbezhgomi Child & Family Services as at March 31, 2017 and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matters

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in the Schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

June 20, 2017
Sudbury, Canada

KINA GBEZHGOMI CHILD & FAMILY SERVICES

Statement of Financial Position

March 31, 2017, with comparative information for 2016

	2017	2016
Assets		
Current assets:		
Cash	\$ 1,174,852	487,683
Accounts receivable (note 2)	214,347	368,915
Due from Ministry of Children and Youth Service (note 3)	441,467	532,548
Prepaid expenses and deposits	3,105	-
	<u>1,833,771</u>	<u>1,389,146</u>
Capital assets (note 4)	540,293	555,803
	<u>\$ 2,374,064</u>	<u>1,944,949</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 1,229,542	836,791
Vacation entitlement and banked overtime	155,639	134,562
Deferred revenue - Ontario Child Benefit Equivalent	182,900	130,076
	<u>1,568,081</u>	<u>1,101,429</u>
Net assets	805,983	843,520
Commitments (note 11)		
	<u>\$ 2,374,064</u>	<u>1,944,949</u>

See accompanying notes to financial statements.

On behalf of the Board:

Margaret Menzies Director - Vice Chairperson

Sheng Dey Director - Secretary - Treasurer

KINA GBEZHGOMI CHILD & FAMILY SERVICES

Statement of Operations

Year ended March 31, 2017, with comparative information for 2016

	Operating	Capital	2017	2016
Revenue:				
Ministry of Children and Youth Services (note 7)	\$ 12,459,134	-	12,459,134	\$ 11,078,142
Children's special allowances	438,093	-	438,093	310,132
Ontario Child Benefit Equivalent	60,896	-	60,896	-
Child and Family Centre - - Ngodweaangizwin Aaskaagewin	59,516	-	59,516	35,032
Other revenue	123,853	-	123,853	152,399
	13,141,492	-	13,141,492	11,575,705
Expenses:				
Salaries	4,865,618	-	4,865,618	4,362,871
Benefits	806,712	-	806,712	604,777
Travel	560,785	-	560,785	563,287
Training and recruitment	152,628	-	152,628	70,424
Building occupancy	423,485	-	423,485	362,125
Purchased services- non-case related	173,174	-	173,174	262,512
Purchased services- case related	203,292	-	203,292	122,930
Program	182,392	-	182,392	69,319
Boarding rates	2,550,029	-	2,550,029	2,384,066
Clients personal needs	631,228	-	631,228	317,068
Medical and related services	189,633	-	189,633	56,225
Promotion and publicity	89,734	-	89,734	108,203
Office administration	346,579	-	346,579	392,151
Membership and other fees	110,356	-	110,356	143,528
Technology	226,760	-	226,760	236,729
Transfer to First Nations - Prevention (note 8)	1,423,999	-	1,423,999	1,367,999
Amortization of capital assets	-	242,625	242,625	204,817
	12,936,404	242,625	13,179,029	11,629,031
Excess (deficiency) of revenue over expenses	\$ 205,088	(242,625)	(37,537)	(53,326)

See accompanying notes to financial statements.

KINA GBEZHGOMI CHILD & FAMILY SERVICES

Statement of Changes in Net Assets (Deficiency)

Year ended March 31, 2017, with comparative information for 2016

	2017				
	Operating	Unrestricted		Capital	Total
		Employment related	Total Unrestricted		
Net assets (deficiency), beginning of year	\$ 422,279	(134,562)	287,717	555,803	843,520
Excess (deficiency) of revenue over expenses	226,165	(21,077)	205,088	(242,625)	(37,537)
Net change in investment in capital assets	(227,115)	-	(227,115)	227,115	-
Net assets (deficiency), end of the year	\$ 421,329	(155,639)	265,690	540,293	805,983

	2016				
	Operating	Unrestricted		Capital	Total
		Employment related	Total Unrestricted		
Net assets (deficiency), beginning of year	\$ 422,279	(120,275)	302,004	594,842	896,846
Excess (deficiency) of revenue over expenses	165,778	(14,287)	151,491	(204,817)	(53,326)
Net change in investment in capital assets	(165,778)	-	(165,778)	165,778	-
Net assets (deficiency), end of the year	\$ 422,279	(134,562)	287,717	555,803	843,520

KINA GBEZHGOMI CHILD & FAMILY SERVICES

Statement of Cash Flows

Year ended March 31, 2017, with comparative information from 2016

	2017	2016
Cash flows from operating activities:		
Deficiency of revenue over expenses	\$ (37,537)	(53,326)
Amortization of capital assets	242,625	204,817
	205,088	151,491
Change in non-cash working capital:		
Decrease in accounts receivable	154,568	31,863
Increase (decrease) in Ministry of Children & Youth Services receivable	91,081	(532,548)
Decrease (increase) in prepaid expenses and deposits	(3,105)	42,640
Increase in accounts payable and accrued liabilities	392,751	199,508
Increase in vacation entitlement and banked overtime	21,077	14,287
Increase in deferred revenue - Ontario Child Benefit Equivalent	52,824	130,076
	914,284	37,317
Cash flows from capital activities:		
Capital asset additions	(227,115)	(165,778)
Increase (decrease) in cash	687,169	(128,461)
Cash, beginning of year	487,683	616,144
Cash, end of year	\$ 1,174,852	487,683

See accompanying notes to financial statements.

KINA GBEZHGOMI CHILD & FAMILY SERVICES

Notes to Financial Statements

Year ended March 31, 2017

Kina Gbezhgomi Child & Family Services (the "Organization") is a non-profit organization incorporated without share capital under the laws of Ontario and its principal activity is to provide children protection services along with to plan, design, implement and deliver culturally appropriate child and family services within its service area. The Organization is registered as a tax exempt charitable organization under the Federal Income Tax Act.

1. Significant accounting policies:

(a) Basis of presentation:

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards including the 4200 standards for government not-for-profit organizations. A statement of remeasurement gains and losses has not been included as there are no matters to report therein.

(b) Revenue recognition:

The Organization accounts for contributions, which include donations and government grants, under the deferral method of accounting as follows:

- Operating grants are recorded as revenue in the period to which they relate.
- Grants and donations relating to future periods are deferred and recognized in the subsequent period when the related activity occurs.
- Grants approved but not received are accrued.
- Unrestricted contributions are recognized as revenue when received or receivable if the amounts can be reasonably estimated and collection is reasonably assured.
- Externally restricted contributions are recognized as revenue in the period in which the related expenses are recognized.
- Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at rates corresponding to those of the related capital assets.

(c) Capital assets:

Capital assets are recorded at cost less accumulated amortization. Amortization is provided on a straight-line basis to amortize the assets over their estimated useful lives as follows:

Asset	Estimated Useful Life - Years
Vehicles	5 years
IT Equipment	4 years
Furniture and Furnishing	5 years
Leasehold Improvements	5 years

(d) Vacation entitlements and banked overtime:

Vacation entitlements and banked overtime are accrued for as entitlements as earned.

KINA GBEZHGOMI CHILD & FAMILY SERVICES

Notes to Financial Statements

Year ended March 31, 2017

1. Significant accounting policies (continued):

(e) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

(f) Financial instruments:

All financial instruments are initially recorded on the statement of financial position at fair value.

All investments held in equity instruments that trade in an active market would be recorded at fair value. Management has elected to record investments at fair value as they are managed and evaluated on a fair value basis.

Unrealized changes in fair value would be recognized in the statement of remeasurement gains and losses until they are realized, when they would be transferred to the statement of operations.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

Where a decline in fair value is determined to be other than temporary, the amount of the loss is removed from accumulated remeasurement gains and losses and recognized in the statement of operations. On sale, the amount held in accumulated remeasurement gains and losses associated with that instrument is removed from net assets and recognized in the statement of operations.

Financial instruments are classified into fair value hierarchy Levels 1, 2 or 3 for the purposes of describing the basis of the inputs used to determine the fair market value of those amounts recorded a fair value, as described below:

- | | |
|---------|--|
| Level 1 | Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities |
| Level 2 | Fair value measurements are those derived market-based inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly |
| Level 3 | Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data |

The Organization has selected to account for transactions at the trade date.

KINA GBEZHGOMI CHILD & FAMILY SERVICES

Notes to Financial Statements

Year ended March 31, 2017

1. Significant accounting policies (continued):

(g) Funding settlements:

The Organization receives the majority of its funding from the Ministry. The operations of the Organization are therefore subject to audit by the Ministry with possible audit adjustments repayable to the Ministry.

Any adjustments required as a result of these audits will be made directly to revenue in the year amounts are determined to be repayable.

2. Accounts receivable:

	2017	2016
Children's Aid Society of the Districts of Sudbury and Manitoulin (CASDSM)	\$ 19,386	\$ 35,765
Saskatchewan Children's Aid Society	42,195	31,482
Dilico Children's Aid Society	10,305	43,280
Nipissing Children's Aid Society	2,310	21,656
Other	75,079	71,586
Government of Canada	65,072	165,146
	<u>\$ 214,347</u>	<u>\$ 368,915</u>

3. Due from Ministry of Children and Youth Services:

The amounts receivable to the funding agencies are comprised of the following:

	2017	2016
2016 - Child Welfare	\$ 150,390	\$ 532,548
2017 - Child Welfare	291,077	—
	<u>\$ 441,467</u>	<u>\$ 532,548</u>

KINA GBEZHGOMI CHILD & FAMILY SERVICES

Notes to Financial Statements

Year ended March 31, 2017

4. Capital assets:

2017	Cost	Accumulated Amortization	Net book value
Vehicles	\$ 267,612	197,967	69,645
Furniture and equipment	885,001	470,207	414,794
Leasehold improvements	70,537	14,683	55,854
	\$ 1,223,150	682,857	540,293

2016	Cost	Accumulated Amortization	Net book value
Vehicles	\$ 267,612	156,050	111,562
Furniture and equipment	690,277	280,366	409,911
Leasehold improvements	38,145	3,815	34,330
	\$ 996,034	440,231	555,803

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$64,882 (2016- \$72,761) which includes amounts payable for HST and payroll related taxes.

6. Operating loan:

An operating loan has been authorized by the Toronto Dominion Bank to a maximum of \$100,000 and bears interest at the bank's prime lending rate plus 3% per annum. A general security agreement covering all assets has been pledged as security. The amount outstanding on the loan at year end is \$Nil (2016 - \$Nil).

7. Ministry of Children and Youth Services:

	2017	2016
Funding per agreement:		
Child Welfare	\$ 11,750,958	\$ 10,002,780
Prevention	1,513,966	1,513,966
Youth in transition	70,000	70,000
Aboriginal Health and Wellness	9,514	11,731
Funding recovery:		
Child Welfare	(884,019)	(467,730)
Prevention	-	(52,605)
Aboriginal Health and Wellness	(1,285)	-
	\$ 12,459,134	\$ 11,078,142

KINA GBEZHGOMI CHILD & FAMILY SERVICES

Notes to Financial Statements

Year ended March 31, 2017

8. Transfers to First Nations:

The Organization receives funding from the Ministry of Children and Youth Services for the prevention program and disburses the following amounts to the First Nations.

	2017	2016
Aundeck Omni Kaning	\$ 135,051	\$ 127,051
M'Chigeeng First Nation	212,983	204,983
Sheguiandah First Nation	120,991	112,991
Sheshegwaning First Nation	96,325	88,325
Whitefish River First Nation	127,719	119,719
Wikiwemikong First Nation	657,506	649,506
Zhiibaahaasing First Nation	73,424	65,424
	<u>\$ 1,423,999</u>	<u>\$ 1,367,999</u>

9. Trust accounts:

The Organization receives Universal Child Care Benefit (UCCB) payments from the Canada Revenue Agency on behalf of children in their care. Per direction from the Ministry of Children and Youth Services, the UCCB funds are used to establish Registered Education Savings Plans (RESPs) on behalf of these children. During the current year, the Organization received payments in the amount of \$110,320 (2016 - \$97,580) from the Canada Revenue Agency. As at March 31, 2017, the balance of the individual RESPs amounts to \$237,840 (2016 - \$172,800) and the Organization has an amount of \$158,840 (2016- \$113,560) to be deposited to the individuals RESPs.

10. Pension plan contributions:

Employees are members of the London Life Pension Plan. Contributions made to the plan during the year amounted to \$277,375 (2016 - \$183,456)

11. Commitments:

The rental obligations for leased property are as follows:

2018	\$ 146,192
2019	70,200
2020	70,200
2021	70,200

KINA GBEZHGOMI CHILD & FAMILY SERVICES

Notes to Financial Statements

Year ended March 31, 2017

12. Comparative information:

Certain of the prior year figures have been reclassified to conform with the financial statement presentation adopted in the current year.

13. Financial risks:

(a) Credit:

The Organization has no significant exposure to credit or market risks.

(b) Liquidity risk:

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Organization manages its liquidity risk by monitoring its operating requirements. The Organization prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2016.

KINA GBEZHGOMI CHILD & FAMILY SERVICES

Schedule of Operations by Program

Year ended March 31, 2017

	Child Welfare	Prevention	Youth in Transition Worker	Aboriginal Health and Wellness	Ontario Child Benefit Equivalent	Therapeutic Foster Care	2017 Total
Ministry of Children and Youth Services Funding:							
- Child Welfare Operating - Child Welfare	\$ 10,866,939	-	-	-	-	-	10,866,939
- Child Welfare - Prevention	-	1,513,966	-	-	-	-	1,513,966
- Other	-	-	70,000	8,229	-	-	78,229
Ontario Child Benefit Equivalent	-	-	-	-	60,896	-	60,896
Children's special allowances	438,093	-	-	-	-	-	438,093
Child and Family Centre - Ngodweangizwin Aaskaagewin	-	-	-	-	-	59,516	59,516
Other	123,853	-	-	-	-	-	123,853
	11,428,885	1,513,966	70,000	8,229	60,896	59,516	13,141,492
Expenses:							
Salaries and wages	4,747,304	30,825	42,903	-	-	44,586	4,865,618
Benefits	783,050	7,398	9,219	-	-	7,045	806,712
Travel	541,908	5,070	5,765	-	-	8,042	560,785
Targeted Subsidy Agreements - Adoption and Legal Custody	22,855	-	-	-	-	-	22,855
Training and recruitment	143,920	-	479	8,229	-	-	152,628
External legal service costs	142,944	-	-	-	-	-	142,944
Witness Fees & Services/Certificates	53	-	-	-	-	-	53
Program expense	128,740	44,931	8,721	-	-	-	182,392
Professional services - client	3,200	-	-	-	60,896	-	63,200
Client personal needs	570,332	-	-	-	-	-	570,332
Financial assistance	57,435	-	-	-	-	-	57,435
Health and related	132,198	-	-	-	-	-	132,198
Building occupancy	423,485	-	-	-	-	-	423,485
Professional services - non client	166,575	1,743	4,856	-	-	-	173,174
Promotion and publicity	89,734	-	-	-	-	-	89,734
Office administration	346,579	-	-	-	-	-	346,579
Memberships and other fees	110,356	-	-	-	-	-	110,356
Society Foster, kinship and other care	1,691,345	-	-	-	-	-	1,691,345
Purchased foster and group care	835,829	-	-	-	-	-	835,829
Admission prevention	57,095	-	-	-	-	-	57,095
Technology	226,760	-	-	-	-	-	226,760
Bad debt	-	-	-	-	-	-	-
Transfers to First Nations	-	1,423,999	-	-	-	-	1,423,999
	11,221,697	1,513,966	71,943	8,229	60,896	59,673	12,936,404
Excess (deficiency) of revenue over expenses	207,188	-	(1,943)	-	-	(157)	205,088

KINA GBEZHGOMI CHILD & FAMILY SERVICES

Schedule of Operations - Child Welfare

Year ended March 31, 2017

	Non-Residential Services	Residential Services	Permanency Services	Legal Services	Travel	Boarding Rates	Infrastructure & Admin Support Services	Technology	2017 Total
Revenue:									
Ministry of Children and Youth Services	\$ 2,643,185	2,937,410	23,934	149,741	417,082	2,646,366	2,456,388	476,852	11,750,958
Children's special allowances	-	438,093	-	-	-	-	-	-	438,093
Other revenue	-	-	-	-	-	-	123,853	-	123,853
	2,643,185	3,375,503	23,934	149,741	417,082	2,646,366	2,580,241	476,852	12,312,904
Expenses:									
Salaries and wages	2,038,457	1,664,872	-	-	-	-	838,708	205,267	4,747,304
Benefits	341,917	278,436	-	-	-	-	139,349	23,348	783,050
Travel	-	-	-	-	398,297	-	143,611	-	541,908
Targeted Subsidy Agreements - Adoption and Legal Custody	-	-	22,855	-	-	-	-	-	22,855
Training and recruitment	4,282	52,282	-	-	-	-	87,356	-	143,920
External legal service costs	-	-	-	142,944	-	-	-	-	142,944
Witness Fees & Service/Certificates	-	-	-	53	-	-	-	-	53
Program	13,624	115,116	-	-	-	-	-	-	128,740
Professional services - client	-	3,200	-	-	-	-	-	-	3,200
Client personal needs	11,326	559,006	-	-	-	-	-	-	570,332
Financial assistance	57,435	-	-	-	-	-	-	-	57,435
Health and related	-	132,198	-	-	-	-	-	-	132,198
Building occupancy	-	-	-	-	-	-	-	-	-
Professional services - non client	-	-	-	-	-	-	423,485	-	423,485
Promotion and publicity	-	-	-	-	-	-	166,575	-	166,575
Office administration	-	-	-	-	-	-	89,734	-	89,734
Membership and other fees	-	-	-	-	-	-	346,579	-	346,579
Society, foster, kinship and other care	-	-	-	-	-	-	110,356	-	110,356
Purchased foster and group care	-	-	-	-	-	1,691,345	-	-	1,691,345
Admission prevention	57,095	-	-	-	-	835,829	-	-	835,829
Technology	-	-	-	-	-	-	-	226,760	226,760
	2,524,136	2,805,110	22,855	142,997	398,297	2,527,174	2,345,753	455,375	11,221,697
Excess of revenue over expenses before undemoted items	119,049	570,393	1,079	6,744	18,785	119,192	234,488	21,477	1,091,207
Transfer for capital purchases	-	-	-	-	-	-	(32,391)	(194,724)	(227,115)
Change in vacation entitlement and banked overtime	8,557	6,988	-	-	-	-	3,520	862	19,927
	127,606	577,381	1,079	6,744	18,785	119,192	205,617	(172,385)	884,019
Funding recovery	(127,606)	(577,381)	(1,079)	(6,744)	(18,785)	(119,192)	(205,617)	172,385	(884,019)
Change in program balance	\$ -	-	-	-	-	-	-	-	-